GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:3088
ANSWERED ON:10.08.2000
PROCUREMENT OF SLEEPING BAGS FOR ARMY
SURESH KURUP

Will the Minister of DEFENCE be pleased to state:

(a) the reasons for ignoring the report of the DG Quality Assurance in relation to the procurement of 8588 sleeping bags valuing over Rs. 7 crores which could not be used for troops at Siachen due to their inferior quality;

(b) whether the above decision was taken in May, 1993 which cost the nation heavily and put our troops at high risk;

(c) if so, the level at which the decision for its procurement was taken; and

(d) the action taken against those found responsible?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (d): A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA UNSTARRED QUESTION NO. 3088 FO 10.8.2000

1. No instance of ignoring any report of the DG QualityAssurance in relation to the procurement of 8588 sleeping bags has come to the notice of the Ministry of Defence.

2. A Contract Purchase Order for supply of 8588 Nos. of sleeping bags with cover was placed on M/s Moncler of France on 11.5.1992, after the samples submitted by the Vendor had been approved by Army Headquarters during trial evaluation.

3. Even after supplying 6255 Nos sleeping bags out of the total contracted quantity of 8588 Nos sleeping bags, the Vendor could not claim any payment as they did not submit Performance and Warranty Bond as required under the contract. The Vendor had made a request for amending the Letter of Credit (LC) to allow them to furnish Bank Guarantee for 10% value for each consignment. The payments against the Letter of Credit were, however, not released to the Vendor as the documents submitted by them to their Bankers had become stale. The Vendor had been making repeated reminders to the Ministry of Defence for instructing the bank to revalidate the stale documents to enable them to receive payments.

4. On the advice of Finance Division, a meeting associating the representatives of the Army Headquarters, Director General Quality Assurance and Defence (Finance) was arranged on 21.5.1993 to decide the issue. The meeting was held under the Chairmanship of the then Joint Secretary (Ordnance) and was attended by the representatives of Defence (Finance), Director General Quality Assurance and the Army Headquarters.

5. It was stated by the representative of Army Headquarters that the store which had already been supplied by the Vendor was acceptable except for a superfluous central stitching which was to be avoided in future supplies. It was also reported by him that the User Directorates had no objection for release of payment for the store already supplied.

6. It was also confirmed by the representative of Director General Quality Assurance that visual inspections were carried out on the consignments received and the same were cleared for issue noting minor discrepancies.

7. After detailed discussions and taking note of the contract conditions and payment clauses, it was decided in the meeting to release the payment against the Letter of Credit.

8. All the sleeping bags, which had a central stitching on the back side of the outer cover, have been utilised, on the recommendations of a Board of Officers convened under the Chairmanship of Additional Director General Ordnance Services (Clothing, Necessaries & Administration). The bags were recommended for utilisation in lieu of sleeping bags Indian authorisation as part of Extreme Cold Clothing and Equipment (ECC&E).

9. In order to satisfy the full claim of the Ministry of Defence, it was decided to encash the Bank Guarantees amounting to 20% of the contract value, given by the Vender towards Performance Bond as well as Warranty Bond. The Ministry of Defence, has already received an amount of F F 2,268,393.20 (about Rs. 1.57 crores) representing the principal amount of the Bank Guarantees less the Administrative Charges. The matter regarding payment of the balance amount is also under consideration of an appropriate French

Court in Paris. In addition a claim for FF 7,984,149.20 has also been filed by the Ministry of Defence before the Sole Arbitrator at New Delhi. The arbitration proceedings are under progress.

10. A Court of Inquiry has also been ordered bythe Army Headquarters to pinpoint responsibility for lapses in the acceptance of the sleeping bags under reference and the same is in progress. After receipt of the proceedings of the Court of Inquiry appropriate action will be taken against all those found responsible for lapses in the acceptance of the sleeping bags supplied by M/s Moncler, France.